



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/22/2001

GAIN Report #KS1005

# **Korea, Republic of**

## **Market Development Report**

### **Korea Monthly Market Highlights - February**

### **2001**

Approved by: **Daryl A. Brehm**  
U.S. Embassy, Seoul  
Prepared by: **ATO Staff**

---

#### **Report Highlights:**

**A slowing economy in the fourth quarter had little impact on the pace of Korean imports of U.S. consumer oriented food products through the first 11 months of 2000, registering a record \$1.1 billion. Recent ATO activities include an agent show in Pusan which resulted in projected sales of \$2.2 million, and a survey of the last NASDA/FMI Showcase mission which produced actual sales of \$8.4 million thus far.**

**Upcoming events in March will find ATO staff leading a delegation to the U.S. Pavilion at Foodex, Japan, and hosting the American Food Showcase in Seoul.**

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Seoul ATO [KS2], KS

## **1. Korean Economic and Import Update**

The Korean economy is expected to slow to about 4 percent growth in Gross Domestic Product in 2001, less than half the torrid 9 percent pace of last year. Uncertain capital markets, and the continuing corporate restructuring process will impact both consumer buying power and spending habits. While unemployment rates are projected to remain below 5 percent, the possibility of reductions in the workforces of restructuring conglomerates has already reduced consumer confidence, and increased saving rates. Another important factor - the exchange rate - may also impact U.S. sales of agricultural products to Korea. The Korean Won has weakened by nearly 12 percent against the U.S. dollar over the past few months, though has recently stabilized.

Korean imports of U.S. consumer oriented agricultural products reached nearly \$1.1 billion (CIF basis) in the first 11 months of 2000, an increase of 54 percent over same period in 1999. Meanwhile imports of consumer oriented agricultural products from all sources were up about 39 percent, to \$2.6 billion (CIF) in the same period.

Korea imported over \$3 billion (CIF) of all U.S. agricultural products during the first 11 months of last year, up 4 percent from the same period in the previous year - despite a large drop in the imports of feedgrains from the United States.

## **2. Traveling Agent Show Nets \$2.2 Million in New Sales!**

ATO Seoul organized a traveling agent show at a major hotel in Pusan, Korea's second largest city. Twenty Korean importers of U.S. food products and five U.S. MAP participants exhibited, presenting over 300 different U.S. food products, dozens of which were new to the local market. The more than 200 trade visitors purchased a reported \$240,000 in products on the spot, and sales of an additional \$2.2 million are projected by importers over the next year. The AMP activity cost of about \$4,000 produced an excellent return, and successfully helped to overcome the constraint of "Lack of Knowledge of U.S. Products outside of Seoul".

## **3. Survey of Year 2000 NASDA/FMI Delegation Results – \$8.4 Million in New Sales!**

A survey of the 81 Korean visitors recruited by the Seoul ATO to visit the May 2000 NASDA/FMI Food Showcase indicates additional purchases of \$8.4 million over the past 6 months. Of the 65 participants who responded to the survey, 14 companies revealed they had already made this amount of purchase as a result of meeting U.S. exporters at the show. The ATO is already working to recruit visitors for the May 2001 showcase.

## **4. ATO Seoul to participate in Japan Foodex with Korean Buyers**

In a joint activity with ATO Tokyo, we will sponsor a "Korea Day" in the U.S. Pavilion at Foodex Japan. ATO Seoul is recruiting Korean food importers specifically to visit the U.S. Pavilion, and will offer Korean/English translation for U.S. exhibitors on March 14 - as well as a

free gift to the first 100 Korean importers to visit the Pavilion. This new activity is designed to garner more buyers for U.S. exhibitors, as well as increase their knowledge of the Korean market for U.S. food products.

#### **5. American Food Showcase March 19 - 20, 2001 - Nearly Booked!**

ATO Seoul will hold the 'US Food Showcase' in the JW Marriot Hotel Seoul from March 19-20, 2001. This 'no frills' tabletops event is a perfect showcase opportunity for new-to-market exporters and products seeking opportunities in the Korean market. It is conveniently scheduled for the week following FOODEX Japan. ATO Seoul will recruit key, proven Korean industry buyers and importers to the event. During the Showcase, US exporters can also hold special product seminars. While most tables for the event are now filled, U.S. suppliers are still welcome to attend the event.

#### **6. Transshipments of U.S. Products to from Korea to Eastern Russia on the Increase**

ATO Seoul recently met with several importers in Pusan, the world's third largest container port, who are actively involved in transshipping U.S. products to Vladivostok in the Russian Far East. One Korean/Russian joint venture company transshipped 28,000 metric tons of U.S. poultry, pork, and beef products last year through the Port of Pusan to Vladivostok. While the business is conducted in cash, this method of shipment is beneficial to Russian buyers, due to the short transit time between the two ports.

#### **Further Information and Contacts**

Agricultural Trade Office, American Embassy  
Unit #15550, APO AP 96205-0001  
Tel: 82-2-397-4188 Fax: 82-2-720-7921  
E-mail: [atoseoul@fas.usda.gov](mailto:atoseoul@fas.usda.gov)  
Internet: [www.atoseoul.com](http://www.atoseoul.com)